

Executive Summary

Below are the Center for Social Inclusion's ("CSI") recommendations for improving the Broadband Initiatives Program ("BIP") and Broadband Technology Opportunities Program ("BTOP") in round two.

We recommend that the NTIA and the RUS phase the application process, reducing the initial costs of entering the competition and allowing under-resourced applicants to invest more as they advance.

We urge NTIA and RUS to continue collecting data on the proposed funded service areas and to require these be described by nine-digit zip codes, not census tract.

We recommend that the agencies to collect and make public data needed to measure progress toward key goals and improve performance where necessary.

We urge NTIA and RUS to create a Technical Assistance Fund for under-resourced communities to cover the costs of the legal, accounting, engineering, planning and other assistance needed to prepare competitive applications for BIP and BTOP funding.

We recommend that NTIA and RUS create a Capacity Building Fund to help under-resourced communities to build the capacities they will need to access and leverage federal dollars over the long-term.

We encourage the NTIA to place an "ombudsmen to under-resourced communities" on each application review team to track the impacts of funded projects on those communities most in need of investment.

We recommend that priority be given to projects that will create jobs and stimulate long-term economic development in under-resourced communities and recommend that in round two, funds be reserved for such projects.



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Mr. Anthony Wilhelm
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Dear Mr. Villano and Mr. Wilhelm:

The Center for Social Inclusion (“CSI”) applauds the Rural Utilities Service (“RUS”) and National Telecommunications and Information Administration (“NTIA”) for raising several important questions in their Joint Request for Information. Only by addressing these issues can the agencies guarantee that historic investments in broadband benefit those most impacted by the recession, create short-term jobs and stimulate long-term economic growth as the American Recovery and Reinvestment Act (“ARRA” or “Recovery Act”) requires. **We recommend that the NTIA and the RUS phase the application process, modify the review process and provide technical assistance and capacity building support to increase participation by under-resourced applicants. We also urge the agencies to collect and make public data needed to measure progress toward key goals and improve performance where necessary.**

I. The Application and Review Process

A. Streamlining the Application

The Center for Social Inclusion supports the agencies’ tentative decision to streamline the BTOP application. Current requirements are burdensome, discouraging poor rural communities, rural communities of color and organizations and businesses based in such areas from applying. These requirements must change in order to boost broadband penetration in vulnerable communities. A 2009 study by the Pew Center for Internet & American Life found that only 46% of rural households had broadband, compared to 67% of non-rural households. Eighty-five percent of respondents earning \$75,000 or more had broadband at home, but only 35% of households with incomes of \$20,000 or less had service. Growth among African-Americans was below average, with only 46% having broadband at home—a statistically insignificant increase over 2008. Sixty-five

percent of white American households, in contrast, had broadband.¹ CSI urges the NTIA to modify the following provisions, all of which create formidable barriers.

- Section VI (D)(1)(a) p. 33,114: Applicants for the BIP and BTOP Broadband Infrastructure Project programs, for example, must provide a detailed executive summary, an in-depth explanation of the proposed funding service area, a description of proposed service offerings, detailed information on the technology to be used, a legal opinion, an itemized budget, a detailed financial analysis, historical financial statements and, in some cases, CPA audits, for the previous two years. Further information is required of applicants that advance to step two of the process.²
- Section VI(D)(3)(i)-(j) p. 33,117: Applicants for the BTOP Sustainable Broadband Adoption program must supply a legal opinion and financial statements for the last two years.

CSI urges the NTIA to phase the application process for under-resourced applicants, requiring fewer documents be produced during the first stage. Poor rural communities, rural communities of color and non-profits and small broadband operators based in such areas lack the resources to assemble all currently required elements at once. Some information, such as data on the proposed funding service area (nine-digit zip codes), proposed service offerings and anticipated technology, must be part of the initial application. However, legal opinions, itemized budgets, financial analyses, historical financial statements and CPA audits, could be turned in later. This would reduce the initial costs (e.g. time and money) of entering the competition and require applicants to increase investment in the application process only as the likelihood of selection increases.

The application process for the BTOP Public Computer Centers program should also be streamlined. The initiative, which would make broadband available through community colleges, libraries, and other anchor institutions, should be easily accessible to poor rural communities, rural communities of color and institutions and organizations based in such areas that most need these projects. However, existing NTIA application requirements create obstacles.

- Section VI(D)(2) p. 33,116: Applicants for Public Community Centers grants are must submit an application composed of eleven elements, many with multiple sub-elements. These include environmental reviews.

We encourage the NTIA to allow poor rural communities and organizations and businesses based in such areas to submit budget environmental reviews only after they have advanced to the second stage of the competition. As noted above, shifting these labor- and cost-intensive requirements to a later stage will induce more applicants from poor communities to participate. However, we also urge the NTIA to reserve a portion of remaining funds for a Technical Assistance Program, which would further increase participation in BIP and BTOP programs by directly covering the costs of legal, accounting, engineering, planning and other support.³

B. Specification of Service Areas

Data collection on proposed service areas for Recovery Act-funded projects is critical, not only to measuring the success of the Act, but also to the administration's long-term goal of dramatically increasing broadband

¹ John Horrigan, Home Broadband Adoption 2009 13, 16-18 (2009) *available at* <http://www.pewinternet.org/~media/Files/Reports/2009/Home-Broadband-Adoption-2009.pdf>.

² Department of Agriculture and Department of Commerce, Notice of Funds Availability Broadband Initiatives Program and Broadband Technology Opportunities Program, 74 Fed. Reg. 33,114-5 (July 9, 2009).

³ See section I.D *infra*.

penetration. Without this data, the agencies cannot assess whether planned projects will in fact bring service to areas currently unserved and under-served.⁴

RUS and NTIA must continue to require submission of data on proposed funded service areas. Currently, applicants must provide data at the census tract level. However, nine-digit zip code is a more appropriate unit of analysis. Census tracts are often too large to provide meaningful information about the area in question. Nine digit zip codes, in contrast, allow for a far more detailed analysis of local conditions. In many American communities, one's zip code is a powerful indicator of employment, educational and health options. Changing this fact requires targeting federal investment to those zip codes with the greatest need for the job creation, educational opportunities and health benefits that broadband can provide. CSI urges RUS and NTIA to require applicants to describe the proposed funded service area in terms of nine-digit zip codes, not census tracts.

C. Transparency & Confidentiality

CSI applauds the NTIA, RUS and the larger Administration for their strong commitment to transparency and accountability. Fulfilling this commitment requires collecting data needed to assess project impact and making this data publicly available in forms that are easy to use and analyze.

The agencies currently require applicants to submit important data. We urge NTIA and RUS to go one step further by posting data for each submitted application, allowing members of the public to evaluate proposed projects. CSI supports the agencies' tentative decision to make executive summaries for projects available, provided all executive summaries—regardless of program—include, at a minimum

- Proposed funded service area (nine-digit zip codes);
- Estimated number of homes the project will bring access to;
- Estimated number of businesses the project will bring access to;
- Estimated number of community anchor institutions passed or involved;
- Type of broadband system to be deployed;
- Speed of the broadband;
- Total jobs created or saved;
- Population and demographics of the proposed funded service area;
- Status of the area as unserved, underserved, or served;⁵
- Stimulus funds requested (and awarded); and
- Total cost of the project

NTIA and RUS must provide this data in formats that are easy to interpret and analyze such as standard database or spreadsheet formats (e.g. .mdb, .xls, .csv, .xml for example).

The agencies must provide this data within one month of the application deadline so that advocates and members of the public can assess whether proposed projects will expand broadband access for unserved and underserved communities, increase jobs, and provide long-term economic benefits as the Recovery Act requires. The agencies must also require grantees to update this data quarterly and make these updates available to the public. This will enable RUS and NTIA to measure service improvements on an ongoing basis and to diagnose and correct performance issues.

⁴ See section Z *infra* for recommendations for improving these definitions.

⁵ See section II.C *infra* for recommendations on the definitions of these terms.

D. Outreach & Support

In the first round of BIP and BTOP funding, RUS and NTIA took multiple steps—including hosting seminars and establishing a “Help Desk”—to share information about the programs. While these raised awareness about opportunities, more must be done to make sure that under-resourced communities and organizations and businesses based in such communities are able to leverage them. As noted above, financial constraints and limited grant writing, accounting, legal and other expertise prevent many from meeting application requirements.

CSI urges the agencies to create a Technical Assistance Fund to help under-resourced communities, particularly poor rural communities and communities of color, to compete for federal grants and loans. The tremendous potential for development in such communities often goes untapped because they lack the capacity to access federal capital. This fund would cover the costs of the professional assistance—legal, accounting, planning, engineering and grant-writing assistance necessary to complete competitive applications for BIP and BTOP grants and loans.⁶ In the short term, this would create jobs for lawyers, accountants, planners, engineers and grant writers. In the long-term, successful applications would fund broadband projects that create jobs for area residents and spur economic development.⁷

NTIA and RUS could model this Technical Assistance Fund after the Volunteers for Prosperity Initiative, which funds professionals to provide services for international organizations. This support makes host organizations more competitive for certain federal grants.⁸

E. NTIA Expert Review Process

Whether the NTIA continues to utilize expert reviewers or federal or contract staff, CSI recommends the agency restructure its review boards to guarantee an equitable distribution of funds. Each panel must feature an ombudsman to under-served communities who is responsible for tracking the number and percentage of proposed projects that will serve the following types of communities as well funds awarded for such projects.

- Low-income communities (as measured by poverty rates, average per capita income)
- Communities with limited job opportunities (as measured by employment rates, job availability per capita)
- Communities of color (as measured by census data)⁹
- Rural communities
- Immigrant communities

⁶ NTIA and RUS must fund these professional services outright rather than through reimbursement, since many under-resourced applicants will be unable to make initial outlays.

⁷ See section II.A *infra* for recommendations on how RUS and NTIA can target round two funds towards projects that create jobs and foster economic development in under-resourced communities.

⁸ See *Volunteers for Prosperity, Benefits of Partnership available at* <http://www.volunteersforprosperity.gov/busorg/benefits.htm> (last visited November 27, 2009).

⁹ A recent analysis by the Center for Social Inclusion shows that those states most impacted by the recession tend to be those with high people of color populations. See CENTER FOR SOCIAL INCLUSION, *MEASURING THE RECESSION: AN IMPACT ANALYSIS* (2009) *available at* <http://www.centerforsocialinclusion.org/publications/?url=measuring-the-recession-an-impact-index-1&pag=0>.

By tracking the equity impacts of proposed and funded projects, this “equity ombudsmen” would help NTIA and RUS meet the Recovery Act’s goal of assisting those most affected by the recession.

II. Policy Issues Addressed in the NOFA

A. Economic Development

In round two, CSI encourages NTIA and RUS to focus funds on projects that will create jobs and spur regional economic development, particularly in poor, rural communities and rural communities of color. One way to do this is to give priority to applicants that propose to build tele-work centers that create jobs for area residents. Tele-work centers are community technology centers that can be located in schools, libraries, churches, job training facilities and community centers. These institutions provide online job training and employment at desktops via portals. With training, residents can provide high-demand services—such as conversion of paper documents to electronic form—that are often outsourced to overseas firms. Importantly, because of the range of functions that such work requires, these tele-work centers can provide employment for residents at multiple skill and literacy levels. Tele-work centers also provide opportunities for partnerships between municipalities, broadband developers and local anchor institutions. For example, broadband developers can equip local institutions with necessary technology. These institutions, in turn, can develop and teach curricula on data conversion and contract with local governments to provide services.

These projects do more than expand broadband through community anchor institutions. They provide jobs for area residents and stimulate broader economic development by boosting incomes. In addition, by serving as models and outfitting residents with valuable skills, these projects can attract other broadband-reliant businesses to poor rural communities and communities of color.

B. Targeted Populations

There is currently \$200 million in the BTOP national reserve and \$325 million in the BIP national reserve. To assist communities most impacted by the recession, as the Recovery Act requires, NTIA should reserve a minimum of \$165 million as well as any remaining round one dollars for projects submitted by poor communities, communities of color and organizations and businesses based in such areas. This could, for example, fund one telework center project in each of the eleven Southern states. Likewise, RUS should reserve at least 50% of its reserve funds and any remaining round one dollars for similar projects. CSI recommends that NTIA reserve funds within each BTOP sub-program (Sustainable Broadband Adoption, BTOP Infrastructure and Public Computer Centers) for this purpose. Reserved Sustainable Broadband Adoption funds would flow to projects generating demand in these communities, and reserved BTOP infrastructure dollars would support small builders, fostering a local broadband sector capable of meeting demand. Public Computer Center funds would make high-speed Internet available through community anchor institutions in areas that currently have minimal access.

CSI also urges NTIA and RUS to create a Capacity Building Fund to help under-resourced communities compete for federal funding over the long-term. This fund would help such communities to develop the fundraising, grant writing, financial management, legal, accounting and other capacities necessary to access and leverage federal dollars in the future. A Capacity Building Fund could be modeled on the Department of Health and Human Services’ (“HHS”) Strengthening Communities Fund Non-Profit Capacity Building Program, which

funded non-profit organizations to provide capacity-building training, technical assistance and competitive financial support for community-based organizations.¹⁰

C. Program Definitions

Currently, the terms “unserved” and “underserved” are defined in terms of census tracts. As noted above,¹¹ nine-digit zip codes allow for a more nuanced analysis of demographic trends. CSI urges the NTIA and RUS to adjust their definitions of these terms, replacing census tracts with nine-digit zip codes.

D. Other Changes

Criteria in the current NOFA favor applicants that are well resourced and experienced with federal grant competitions. Unsurprisingly, these criteria also place poor rural communities, rural communities of color and organizations and businesses based in such areas at a disadvantage.

- Section VII(2)(b)(ii): Recovery Act and Other Governmental Collaboration, p. 33,120: NTIA will evaluate the ability of the project to leverage, not only BTOP funds, but other federal dollars. This is one of three elements of the 30-point “Project Purpose” criterion. This will benefit applicants that are able to compete for federal funding on a regular basis. This is unlikely to be true of many of the under-resourced, rural communities and organizations that need high-speed Internet the most.
- Section VII(2)(d)(i): Technical Feasibility, p. 33,121: As part of its analysis of “Project Viability” for Broadband Infrastructure and Public Community Center applications, NTIA will evaluate the comprehensiveness of system designs, collective years of experience on the management team and the applicant’s history of successfully implementing similar projects. With limited access to technical expertise, poor rural communities, rural communities of color, and businesses and nonprofits based in such areas will struggle to earn the 25 available points.
- Section VII(2)(e): Project Budget and Sustainability, p. 33,121: Applicants for Broadband Infrastructure and Public Computer Center grants can earn up to 20 points by demonstrating the reasonableness of their budgets, the sustainability of their projects and their ability to leverage outside resources. These points will go to those who submit comprehensive budgets, business plans and projections and evidence of third party funding. The NTIA will give additional consideration to applicants that can exceed the 20% minimum cost match or provide cash matches. Poor rural communities, rural communities of color and nonprofits and businesses based in these areas lack the grant writing capacity and access to philanthropic resources necessary to meet these criteria.

We urge the NTIA to expand its current evaluation criteria, creating opportunities for poor rural communities, rural communities of color and nonprofits and businesses based in such areas to earn additional points. At a minimum, the NTIA should take the following steps.

¹⁰ See Department of Health and Human Services, Fact Sheet: Strengthening Communities Funds *available at* http://www.acf.hhs.gov/programs/ocs/scf/fact_sheet.html (last visited November 27, 2009). For this capacity-building program, NTIA and RUS must select lead organizations that are committed to working with grassroots groups in low-income communities and communities of color. The agencies must focus capacity-building support in Southern, border and Mid-Western states. The agencies must also prioritize applicants that will pass on the majority of awarded funds to sub-grantees.

¹¹ See *supra* section I.D.

- Community Involvement (25 points): Elevate the “level of community involvement” sub-element of “Project Viability” to a distinct criterion. Additional points should be awarded to projects that have been developed and will be implemented in close collaboration with community members and organizations.
- Historical Support (25 points): Award additional points to applicants that have not historically benefited from federal grant programs.
- Local Sub-contracting and Hiring (25 points): Award points to applicants that pledge to sub-contract infrastructure construction projects to companies based in poor rural communities and communities of color and to institute local hiring measures.
- Building Opportunity (25 points): Award additional points to applicants proposing projects that would not only expand broadband access, but also create jobs in poor communities and communities of color with low job opportunity, high poverty rates, rural communities and immigrant communities.

We thank you for the opportunity to share these recommendations and would like to discuss them with you in further detail. I will contact you in coming weeks to schedule a meeting. Please also feel free to contact me at bsaunders@thecsi.org or 646-442-1459 with any questions in the interim or visit www.centerforsocialinclusion.org to learn more about CSI.

Thank you,

Brittney Saunders